



Client Alert



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Proposed Changes for GRATs

On March 17, 2010, Representative Sander M. Levin introduced in the U.S. House of Representatives a proposal to amend H.R. 4849 (a bill entitled the "Small Business and Infrastructure Jobs Act of 2010"). One provision of this proposed amendment would negatively affect the lifetime gifting technique known as the grantor retained annuity trust, or "GRAT," by requiring all GRATs to have minimum 10-year terms. The short-term GRAT is a powerful gifting technique for assets that are expected to increase in value. If the act and proposed amendment become law—which could happen in the next few months—this provision will significantly restrict the ability of some transferors who create GRATs subsequent to the date of enactment to maximize the strategy's potential.

Therefore, those who are interested in setting up a GRAT should consider doing so now. If you are contemplating any lifetime gifts in the near future, we strongly encourage you to contact one of the attorneys listed below as soon as possible to discuss this important proposal and its potential implications for your estate plan.

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